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Arizona Corporation Commission

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OCT 20 2014

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IN THE MATTER OF THE
COMMISSION'S INQUIRY INTO
CONSIDERATION OF DEVELOPING
PROCEDURES FOR RATE CASES OR
OTHER UTILITY SPECIFIC
APPLICATION PROCESSES IN
ORDER TO STUDY AND CONSIDER
RATE DESIGN OPTIONS FOR
ELECTRIC AND GAS PUBLIC
SERVICE CORPORATIONS

DOCKET NO. AU-00000C-14-0329

**COMMENTS OF FREEPORT
MINERALS CORPORATION AND
ARIZONANS FOR ELECTRIC
CHOICE AND COMPETITION ON
STAFF'S SAMPLE PROCESS FOR
RATE DESIGN ISSUES RELATED
TO RATE CASE APPLICATIONS**

Freeport Minerals Corporation and Arizonans for Electric Choice and Competition (collectively "AECC") hereby files these Comments on the Staff Sample Process for Rate Design Issues Related to Electric and Gas Utilities General Rate Case Applications ("Sample Process").

AECC has reviewed the Sample Process suggested by Staff whereby rate design issues would be considered at the beginning of a utilities rate case. Staff has described the process by way of a hypothetical example to illustrate the process. It appears Staff has fairly well covered most issues that might arise in the utilization of the process suggested by Staff.

AECC does, however, have a major concern with the process as outlined in Paragraph 14 of the Sample Process. That paragraph provides for the issuance of a Recommended Opinion and Order on rate design issues before the remaining issues in the general rate case, including revenue requirement, is determined. AECC requests

1 that the first sentence of Paragraph 14 beginning with "Hearing" and ending with
2 "period)." and the word "Alternative" at the beginning of the second sentence of
3 Paragraph 14 be deleted from Staff's Sample Process.

4 AECC has a significant concern that a Recommended Opinion and Order on rate
5 design would be issued before taking into account all of the other factors involved in a
6 rate case proceeding such as rate of return, i.e., revenue requirement, rate base,
7 expenses, and the spread of the revenue requirement over the various customer classes.
8 AECC does not believe that a Recommended Opinion and Order on rate design should
9 be issued in isolation without consideration of the overall impact on each rate class of
10 all issues being contested in the general rate case. Moreover, issuing a Recommended
11 Opinion and Order on rate design prior to consideration of the remaining issues in the
12 general rate case may very well hinder resolution of the general rate case through
13 negotiation of a settlement agreement, which can be an efficient means to address
14 complex issues of rate design in the context of a global resolution of issues in the case.
15 Indeed, settlement agreements have been effective means through which disagreements
16 concerning rate design for non-residential customers have been resolved in recent
17 Arizona Public Service Company and Tucson Electric Power Company rate cases.

18 AECC may have further comment after reviewing the comments of interested
19 parties and therefore reserves the right to make additional comments or responses to the
20 comments by other interested parties after review of the comments filed by those
21 parties.

22 AECC respectfully requests that the above revision to Paragraph 14, as
23 recommended by AECC, be incorporated into the final version of Staff's Sample
24 Process.

1 DATED this 20th day of October, 2014.

2 FENNEMORE CRAIG, P.C.

3
4 By: 

5 C. Webb Crockett

6 Patrick J. Black

7 Attorneys for Freeport Minerals
8 Corporation and Arizonans for Electric
9 Choice and Competition

10 **ORIGINAL** and 13 copies filed
11 this 20th day of October, 2014 with:

12 Docket Control
13 Arizona Corporation Commission
14 1200 West Washington Street
Phoenix, Arizona 85007

15 **COPY** of the foregoing hand-delivered/mailed/emailed
16 this 20th day of October, 2014 to:

17 Janice Alward, Chief Counsel
18 Legal Division
19 Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

20 Maureen A. Scott, Senior Staff Counsel
21 Janet F. Wagner, Assistant Chief Counsel
22 Legal Division
23 Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

24 Lynn Farmer
25 Chief Administrative Law Judge
26 Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

1 Steve Olea
2 Director of Utilities
3 Arizona Corporation Commission
4 1200 W. Washington Street
5 Phoenix, AZ 85007

6 By:  _____

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